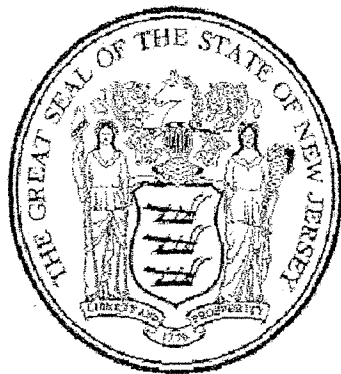


# QUARTERLY REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

FOR THE QUARTER ENDED MARCH 31, 2004

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



**BALANCE SHEETS**

AS OF MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 18,527	\$ 17,853
2	Marketable securities (Short Tm. money market at cost).....	37,563	87,261
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2004, \$1,746; 2003, \$4,366)..... Note 2.....	5,573	4,830
4	Inventories.....	1,587	1,272
5	Prepaid Expenses and Other Current Assets.....	8,600	8,974
6	Total Current Assets.....	71,850	120,190
7	Investments, Advances, and Receivables..... Note 3.....	12,136	18,760
8	Property and Equipment - Gross.....	233,685	170,133
9	Less: Accumulated Depreciation and Amortization.....	(25,880)	(15,279)
10	Property & Equipment - Net.....	207,805	154,854
11	Other Assets.....	7,700	7,615
12	Total Assets.....	\$ 299,491	\$ 301,419
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,216	\$ 5,807
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	648	887
17	Income Taxes Payable and Accrued.....	77	-
18	Other Accrued Expenses..... Note 4.....	14,913	17,737
19	Other Current Liabilities..... Note 5.....	3,348	3,214
20	Total Current Liabilities.....	25,202	27,645
	Long-Term Debt:		
21	Due to Affiliates..... Note 6.....	176,719	176,257
22	Other..... Note 6.....	6,587	6,636
23	Deferred Credits.....	5,591	4,653
24	Other Liabilities.....	-	-
25	Commitments and Contingencies.....	-	-
26	Total Liabilities.....	214,099	215,191
27	Stockholders, Partners', or Proprietor's Equity.....	85,392	86,228
28	Total Liabilities and Stockholders' Equity.....	\$ 299,491	\$ 301,419

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 55,212	\$ 56,020
2	Rooms.....	3,072	2,557
3	Food and Beverage.....	4,984	4,873
4	Other.....	1,850	1,362
5	Total Revenue.....	65,118	64,812
6	Less: Promotional Allowances.....	14,313	12,897
7	Net Revenue.....	50,805	51,915
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	35,431	36,515
9	Selling, General, and Administrative.....	10,191	9,927
10	Provision for Doubtful Accounts.....	(59)	303
11	Total Costs and Expenses.....	45,563	46,745
12	<b>Gross Operating Profit.....</b>	<b>5,242</b>	<b>5,170</b>
13	Depreciation and Amortization.....	3,664	2,951
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	<b>Income (Loss) from Operations.....</b>	<b>1,578</b>	<b>2,219</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates..... Note 7.....	(3,372)	(4,808)
18	Interest (Expense) - External.....	(76)	(79)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(125)	(158)
20	Nonoperating Income (Expense) - net.....	113	198
21	Total Other Income (Expenses).....	(3,460)	(4,847)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>(1,882)</b>	<b>(2,628)</b>
23	Provision (Credit) for Income Taxes..... Note 8.....	(243)	(546)
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>(1,639)</b>	<b>(2,082)</b>
25	Extraordinary Items (net of income tax benefit).....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ (1,639)</b>	<b>\$ (2,082)</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

CCC-210

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003  
AND THE THREE MONTHS ENDED MARCH 31, 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002.....	1,000,000	\$ 1,000		\$	\$ 76,696		\$ 10,614	\$ 88,310
2	Net Income (Loss) - 2003.....							(1,256)	(1,256)
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Sale of Hedging Instrument.....								-
7	Changes in value of stock options granted to employees and consultants.....					(23)			(23)
8	.....								
9	.....								
10	Balance, December 31, 2003.....	1,000,000	1,000			76,673		9,358	87,031
11	Net Income (Loss) - 2004.....							(1,639)	(1,639)
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Changes in value of stock options granted to employees and consultants.....								-
15	.....								-
16	.....								-
17	.....								-
18	.....								-
19	Balance, March 31, 2004.....	1,000,000	\$ 1,000		\$	\$ 76,673	\$	\$ 7,719	\$ 85,392

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	<b>Net Cash Provided (Used) by Operating Activities.....</b>	\$ (941)	\$ (5,434)
	<b>Cash Flows From Investing Activities:</b>		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(21,075)	(11,358)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(593)	(704)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	CRDA Reimbursement.....	304	-
11		-	-
12	<b>Net Cash Provided (Used) By Investing Activities.....</b>	(21,364)	(12,062)
	<b>Cash Flows From Financing Activities:</b>		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(293)	(338)
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	(87)	(12)
17	Payments to Settle Long-Term Debt.....	-	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Other Financing Activities.....	-	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	-
23	<b>Net Cash Provided (Used) By Financing Activities.....</b>	(380)	(350)
24	<b>Net Increase (Decrease) in Cash and Cash Equivalents.....</b>	(22,685)	(17,846)
25	<b>Cash and Cash Equivalents at Beginning of Period.....</b>	78,775	122,960
26	<b>Cash and Cash Equivalents at End of Period.....</b>	\$ 56,090	\$ 105,114

	<b>Cash Paid During Period For:</b>		
27	Interest (Net of Amount Capitalized).....	\$ 8,503	\$ 9,948
28	Income Taxes (Net of amounts refunded).....	\$ 88	\$ -

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net Income.....	\$ (1,639)	\$ (2,082)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	2,823	2,345
31	Amortization of Other Assets.....	841	606
32	Amortization of Debt Discount or Premium.....	120	106
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	56	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	125	157
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks .....	(398)	268
39	Net (Increase) Decrease in Inventories.....	(84)	17
40	Net Decrease (Increase) in Other Current Assets.....	(1,540)	(1,261)
41	Net Decrease (Increase) in Other Assets.....	248	19
42	Net Increase (Decrease) in Accounts Payable.....	2,826	244
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	(4,319)	(5,853)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	-	-
45	Loss on extinguishment of debt.....	-	-
46			
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ (941)</b>	<b>\$ (5,434)</b>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>Acquisition of Property and Equipment:</b>		
48	Additions to Property and Equipment.....	\$ (21,075)	\$ (11,358)
49	Less: Capital Lease Obligations incurred.....	-	-
50	<b>Cash Outflows for Property and Equipment.....</b>	<b>\$ (21,075)</b>	<b>\$ (11,358)</b>
	<b>Acquisition of Business Entities:</b>		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	<b>Cash Outflows to Acquire Business Entities.....</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued or Capital Contributions:</b>		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	<b>Cash Proceeds from Issuing Stock or Capital Contributions.....</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	32,292	\$ 2,680	181	\$ 31
2	Food	232,443	2,780	85	4
3	Beverage	125,847	629	-	-
4	Travel	-	-	4,123	407
5	Bus Program Cash	132,907	2,185	-	-
6	Other Cash Complimentaries	189,327	5,488	-	-
7	Entertainment	9,196	479	397	79
8	Retail & Non-Cash Gifts	2,289	37	593	141
9	Parking	-	-	-	-
10	Other	1,966	35	12,080	218 *
11	Total	726,267	\$ 14,313	17,459	\$ 880

\* Included in Other Promotional Expenses for the three months ended March 31, 2004 are tobacco complimentaries in the amount of \$62. No other single item or service included in other exceeds 5% of the column total.

**RESORTS INTERNATIONAL HOTEL INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Basis of Presentation**

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of 11½% first mortgage notes (the "First Mortgage Notes") (see Note 4, "Long-Term Debt"). Concurrent with the sale of the First Mortgage Notes, CRH issued class A common stock and class B common stock to its existing shareholders for a total price of approximately \$35.0 million. The proceeds from the sale of the First Mortgage Notes and issuance of stock were used to retire existing debt and are being used to finance the cost to develop, construct and equip a new hotel tower (the "Hotel Expansion Project"). As of March 31, 2004, \$23.5 million of the proceeds is deposited in a construction disbursement account for this purpose. Additionally, \$10.0 million of the proceeds from the issuance of stock has been deposited in a liquidity disbursement account to be used for working capital in the event that RIH's Adjusted Consolidated EBITDA, as defined in the First Mortgage Notes Indenture, for any four fiscal quarters ending on or prior to December 31, 2004, is less than \$28 million. As of March 31, 2004, \$33.5 million of the proceeds, including \$10.0 million in the liquidity disbursement account, is considered a restricted cash investment under the terms of the debt offering, and is included in Marketable Securities on the accompanying balance sheet.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principals for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three month ended March 31, 2004, are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2003, as filed with the Commission.

**2. Receivables**

Components of receivables were as follows at March 31 (in thousands):

	2004	2003
Gaming	\$5,437	\$8,154
Less: allowance for doubtful accounts	(1,705)	(4,325)
	<u>3,732</u>	<u>3,829</u>
Non-gaming:		
Hotel and related	364	268
Other	1,518	774
	<u>1,882</u>	<u>1,042</u>
Less: allowance for doubtful accounts	(41)	(41)
	<u>1,841</u>	<u>1,001</u>
Receivables, net	<u>\$5,573</u>	<u>\$4,830</u>



### 3. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at March 31 (in thousands):

	2004	2003
CRDA bonds and direct investments .....	\$ 14,241	\$ 10,288
CRDA deposits .....	6,337	19,325
Valuation allowance .....	(8,442)	(10,853)
	<u>\$ 12,136</u>	<u>\$ 18,760</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the three months ended March 31, 2004 and 2003 for discounts on obligations arising in those years were \$125,000 and \$157,000 respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

### 4. Other Accrued Expenses

Components of other accrued expenses were as follows at March 31 (in thousands):

	2004	2003
Insurance and related costs .....	\$ 1,773	\$ 1,535
Payroll and related liabilities .....	7,878	9,122
Gaming taxes and fees .....	2,543	2,932
Other .....	2,719	4,148
	<u>\$ 14,913</u>	<u>\$ 17,737</u>

### 5. Other Current Liabilities

Components of other current liabilities were as follows at March 31 (in thousands):

	2004	2003
Interest Payable .....	863	863
Other .....	2,485	2,351
	<u>\$ 3,348</u>	<u>\$ 3,214</u>

### 6. Long-Term Debt

#### Due to Affiliates

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of First Mortgage Notes at a price of 97.686% yielding \$175.8 million. Interest on the First Mortgage Notes is payable on March 15 and September 15 of each year, and the First Mortgage Notes are due in full on March 15, 2009. In conjunction with the issuance of the First Mortgage Notes, RIHC issued a note to RIH with terms that mirror those of the First Mortgage Notes.

The First Mortgage Notes contain certain covenants that, among other things, limit RIHC's ability and the ability of its subsidiaries to pay dividends on, redeem or repurchase its or their capital stock, make investments, incur additional indebtedness, permit payment of or restrict dividends by certain of its subsidiaries, enter into sale leaseback transactions, sell assets, guarantee indebtedness, create certain liens, engage in transactions with affiliates, and consolidate, merge or transfer all or substantially all its assets and the assets of its subsidiaries on a consolidated basis.

In connection with the construction of the Hotel Expansion Project, the Company has capitalized interest of \$5.9 million since the commencement of the project, of which \$1.9 million was capitalized during the three months ended March 31, 2004.

#### Other

Other long-term debt is summarized as follows at March 31 (in thousands):

	2004	2003
Thermal Energy capital lease.....	\$ 6,444	\$ 6,548
Other.....	791	975
	7,235	7,523
Less: current portion.....	648	887
	<u>\$ 6,587</u>	<u>\$ 6,636</u>

On June 16, 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$6.4 million at March 31, 2004.

In June 2002, RIH entered into a Restated Loan and Security Agreement with CIT Group/Equipment Financing, Inc ("CIT Facility"). The CIT Facility permits RIH to borrow up to \$20 million for the purchase of machinery, furniture, or equipment. Loans pursuant to the CIT Facility are repayable in up to a sixty-month amortization period from the date the loan is made. Interest on outstanding loans bear interest at the rate of LIBOR plus three and one-half percent. RIH is required to pay an annual fee equal to one-half percent of the unused portion of the CIT Facility. The outstanding balance due to CIT at March 31, 2004 was \$0.8 million.

In November 2002, RIH entered into a Loan and Security Agreement with Commerce Bank, N.A ("Commerce Facility"). The Commerce Facility provides for working capital borrowings and letters of credit up to \$10 million. The Commerce Facility expires on December 31, 2004. There was no outstanding balance on the Commerce Facility at March 31, 2004.

#### **7. Related Party Transactions**

RIH recorded the following expenses from affiliates for the three months ended March 31 (in thousands):

	2004	2003
Interest and amortization of discounts on First Mortgage Notes.....	\$ 5,294	\$ 5,281
Interest expense on hedging instruments.....	1	8
	(1,923)	(481)
Less: capitalized interest.....	<u>\$ 3,372</u>	<u>\$ 4,808</u>

## **8. Income Taxes**

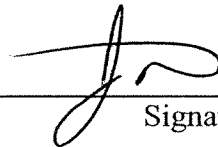
The benefit for income taxes for the quarter ended March 31, 2004, is different than the amount computed at the United States statutory rate due to certain non-deductible items and state income taxes, which are calculated under an alternative minimum assessment of a percentage of gross revenues.

On June 30, 2003, the State of New Jersey amended the Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licenses in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually. For the three months ended March 31, 2004, the company recorded a provision of \$87,500 for this tax.

On July 3, 2002, the State of New Jersey passed the New Jersey Business Tax Reform Act which, among other things, requires the suspension of the use of the New Jersey net operating loss carryforwards for two years and the introduction of a new alternative minimum amount under the New Jersey corporate business tax based on gross receipts or gross profits, as defined. This tax was retroactive to January 1, 2002.

## STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.



Signature

Senior Vice President of  
Finance and Chief Financial Officer

Title

4514-11

License Number

On Behalf Of:

RESORTS INTERNATIONAL HOTEL, INC.

Casino Licensee